

## **BILL ANALYSIS**

S.B. 1670  
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Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Currently, health maintenance organizations are not permitted to use cost-sharing measures, such as copayments, deductibles, and limitations on costs. These measures could have the effect of lowering premium costs. This situation has made it difficult for health maintenance organizations to compete in the health benefits market against preferred provider organizations. S.B. 1670 authorizes a health maintenance organization to use cost-sharing measures.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

SECTION 1. Amends Article 26.48, Insurance Code, by adding Subsection (c) to provide that a contract offered by a health maintenance organization under Subsection (a)(1) of this article is not subject to any restrictions or limitations on cost sharing provisions in 42 U.S.C. Section 300e(b) and any rules adopted thereunder.

SECTION 2. Amends Article 20A.09(l), Insurance Code, to authorize a health maintenance organization that offers a basic health care plan to impose limitations as to time and cost except where prohibited by state or federal law.

SECTION 3. Amends Article 26.38(b), Insurance Code, to provide that a health maintenance organization that participates in a purchasing cooperative that meets certain specifications is not subject to any restrictions or limitations on cost sharing provisions in 42 U.S.C. Section 300e(b) and any rules adopted thereunder.

SECTION 4. Effective date: upon passage or September 1, 2003.

### **EFFECTIVE DATE**

September 1, 2003.